

AMENDED IN SENATE AUGUST 25, 1997

AMENDED IN SENATE JULY 10, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 885**

**Introduced by Assembly Member Honda**

February 27, 1997

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An act to amend Section 22200 of, and to add Section 22200.1 to, the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 885, as amended, Honda. Teachers' Retirement Board.

Under existing law, the State Teachers' Retirement System and the State Teachers' Retirement System Cash Balance Plan are administered by the 12-member Teachers' Retirement Board. Two of the members of the board must be members of the system or the plan, who are classroom teachers in kindergarten or grades 1 through 12, and another member must be a retirant of the system or the plan. All 3 of these members are appointed by the Governor for 4-year terms from a list submitted by the Superintendent of Public Instruction. Another member of the board is required to be a community college instructor with expertise in business or economics or both, and is appointed by the Governor for a 4-year term from a list submitted by the Board of Governors of the California Community Colleges. *One member of the board is required to be an officer of a life insurance company*

*and one member of the board is required to be an officer of a bank. These members are appointed by the Governor for 4-year terms, subject to confirmation by the Senate.*

This bill would, instead, require that ~~all these 4~~ members of the board be elected, at ~~elections~~ *an election* conducted by the board, by the members of the group to which they belong, for 4-year terms, ~~to commence at specified intervals commencing upon the terms in existence on January 1, 1998.~~ The bill would delete the requirement that the 2 members must be classroom teachers and that the community college instructor have expertise in business or economics or both. *The bill would delete the requirement that 2 members must be, respectively, officers of a life insurance company and a bank and instead provide that the Governor appoint 2 additional persons representing the public for 4-year terms, subject to Senate confirmation.*

This bill would require the board to adopt regulations regarding these elections, and would exempt the regulations from the requirements of the Administrative Procedure Act.

This bill would permit the board to establish a full-time position to implement the regulations and would require costs of elections to be paid by the Teachers' Retirement Fund as appropriated in the annual Budget Act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. *It is the intent of the Legislature in*  
2 *enacting this act that the elections for positions on the*  
3 *Teachers' Retirement Board be conducted as*  
4 *cost-efficiently as possible.*

5 SEC. 2. Section 22200 of the Education Code is  
6 amended to read:

7 22200. (a) The system is managed by the Teachers'  
8 Retirement Board. The members of the board are as  
9 follows:

- 10 (1) The Superintendent of Public Instruction.
- 11 (2) The Controller.
- 12 (3) The Treasurer.

1 (4) The Director of Finance.

2 (5) One person who, at the time of appointment, is a  
3 member of the governing board of a school district or a  
4 community college district. The member shall be  
5 appointed by the Governor for a four-year term from a list  
6 submitted by the Superintendent of Public Instruction.

7 (6) Three persons who are members of the Defined  
8 Benefit Plan or participants of the Cash Balance Plan, as  
9 follows:

10 (A) Two persons who, at the time of election, are  
11 active members of the system or participants of the Cash  
12 Balance Plan. These members shall be elected pursuant  
13 to regulations adopted by the board by the active  
14 members of the system or participants of the Cash  
15 Balance Plan for four-year terms commencing upon the  
16 expiration of the terms in existence on January 1, 1998.

17 (B) One person who, at the time of election, is a  
18 community college instructor who shall be elected by the  
19 active community college members of the system. This  
20 member shall be elected pursuant to regulations adopted  
21 by the board, for a four-year term, commencing upon the  
22 expiration of the term in existence on January 1, 1998.

23 (7) One member who is a retired member of the  
24 Defined Benefit Plan or a participant receiving an  
25 annuity under the Cash Balance Plan elected by the  
26 retired members of the Defined Benefit Plan and the  
27 participants receiving an annuity under the Cash Balance  
28 Plan. This member shall be elected pursuant to  
29 regulations adopted by the board, for a four-year term,  
30 commencing upon the expiration of the term in existence  
31 on January 1, 1998.

32 ~~(8) One officer of a life insurance company appointed~~  
33 ~~by the Governor for a term of four years, subject to~~  
34 ~~confirmation by the Senate.~~

35 ~~(9) One officer of a bank or a savings and loan~~  
36 ~~institution who has had at least five years of broad~~  
37 ~~professional investment experience handling various~~  
38 ~~asset classes such as stocks, bonds, and mortgage~~  
39 ~~investments and who shall be appointed by the Governor~~

1 ~~for a term of four years, subject to confirmation by the~~  
2 ~~Senate.~~

3 ~~(10) One person~~

4 (8) *Three persons* representing the public, appointed  
5 by the Governor ~~for a term~~ *terms* of four years, subject to  
6 confirmation by the Senate.

7 (b) The term of the office of each member described  
8 in paragraphs (6) and (7) of subdivision (a) shall be  
9 adjusted so as to commence on January 1 and to expire on  
10 December 31 of the calendar year.

11 (c) The members of the board shall annually elect a  
12 chairperson and vice chairperson.

13 ~~SEC. 2.—~~

14 SEC. 3. Section 22200.1 is added to the Education  
15 Code, to read:

16 22200.1. (a) The board shall conduct the ~~elections~~  
17 *election* of members described in paragraphs (6) and (7)  
18 of subdivision (a) of Section 22200 pursuant to regulations  
19 adopted by the board.

20 (b) The board shall hold special elections to fill  
21 vacancies that occur during the term of the elected  
22 members of the board. If, at the time a vacancy occurs,  
23 the unexpired term is less than two years, the new  
24 member elected to fill the vacancy shall hold office for a  
25 period equal to the remainder of the term of the vacated  
26 office plus four years.

27 (c) The regulations adopted by the board pursuant to  
28 this section and Section 22200 shall not be subject to  
29 Article 3.5 (commencing with Section 11340) of Part 1 of  
30 Division 3 of Title 2 of the Government Code.

31 (d) The regulations adopted by the board shall  
32 provide that the elections be conducted in the most  
33 cost-effective manner deemed feasible. The board,  
34 where practicable, shall consolidate election mailings  
35 with other mailings and shall address any other feasible  
36 cost-saving measures.

37 (e) The board may establish a full-time position, as  
38 required, to implement this section.

1 (f) All costs of elections shall be paid by allocations  
2 from the Teachers' Retirement Fund as appropriated for  
3 that purpose in the annual Budget Act.

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